3

Office - Supreme Court, U.
FILED
MAY 20 1952
CHARLES ELMORE CROPLEY
CLERK

IN THE

Supreme Court of the United States

October Term, 1951
No. 738

THE PATENT SCAFFOLDING CO., INC., a corporation,
Petitioner-Defendant,

v.

UP-RIGHT, INC., a corporation, and WALLACE J. S. JOHNSON, an individual,
Respondents-Plaintiffs.

PETITIONER'S REPLY BRIEF

C. P. GOEPEL,
Attorney for Petitioner.

STUART N. UPDIKE,
Counsel.

SUPREME PRINTING CO., INC., 41 MURRAY STREET, N. Y. 7, BARCLAY 7-0349
49

INDEX OF CASES

PAGE

Altvater v. Freeman, 319 U. S. 359, 87 L. ed. 1450 .... 4, 5
Densmore v. Scofield, 102 U. S. 375, 378, 26 Ld. ed. 214, 215 2
Exhibit Supply Co. v. Ace Patents Corp., 315 U. S. 126, 86 L. ed. 737 2
General Electric Co. v. Marvel Rare Metals Co., 287 U. S. 430, 53 S. Ct. 202, 77 L. ed. 408 5
White, et al. v. E. L. Bruce Co., 62 F. Supp. 577, 578 .. 2, 4

Texts

Curtis on Law of Patents, 4th Ed. 6
Merwin on Patentability of Inventions 6

Cases of Respondents Replied to

City of New Orleans v. Alphonse Emsheimer, 181 U. S. 153, 21 S. Ct. 584, 45 L. ed. 794 3
Cover v. Schwartz (2 Cir. 1942), 133 F. 2d 541 4
Electrical Fittings v. Thomas & Betts Co., 307 U. S. 241 (1939) 59 S. Ct. 860, 83 L. ed. 1263 4
Flournoy, Sheriff and Ex Officio Tax Collector v. Wiener, et al., 321 U. S. 253, 64 S. Ct. 548, 88 L. ed. 708 3
Lewis v. United States, 216 U. S. 611, 30 S. Ct. 438, 54 L. ed. 637 2
Lindheimer, et al. v. Illinois Bell Telephone Co., 292 U. S. 151, 54 S. Ct. 658, 668, 78 L. ed. 1182 (1934) ... 2
Sinclair & Carroll Co., Inc. v. Interchemical Corporation, 325 U. S. 327, 65 S. Ct. 1143, 89 L. ed. 1644 3

IN THE

Supreme Court of the United States

October Term, 1951

No. 738

THE PATENT SCAFFOLDING CO., INC., a corporation,
Petitioner-Defendant,

v.

UP-RIGHT, INC., a corporation, and WALLACE J. S. JOHNSON, an individual,
Respondents-Plaintiffs.

PETITIONER'S REPLY BRIEF

I.

Respondents' entire argument is directed at supporting the procedural disposition of Petitioner's appeal to the Court of Appeals by summary dismissal thereof. The essence of this argument is that Petitioner was not "aggrieved" by its "own success" in obtaining a judgment in the District Court dismissing the complaint (Br. p. 2), because "such final judgment was wholly favorable to defendant-petitioner" (Br. pp. 1, 10), "completely disposing of the action" (Br. p. 1; see also pp. 3, 7, 11), and "of all issues raised by the counterclaim in a manner wholly favorable to petitioner" (Br. p. 5). That the District Court in its judgment herein, as well as the Court of Appeals in dismissing the appeal therefrom, wholly ignored the validity element challenged both in the Petitioner's answer and counterclaim for a declaratory judgment is sought to be justified by the argument that the lower

court could dispose of this action in Petitioner's favor on either of the two "grounds" urged upon it, invalidity or non-infringement, and that a favorable adjudication on the non-infringement "ground" precluded the Petitioner appealing therefrom, citing and quoting from the cases hereinafter discussed.

The basic fallacy in Respondents' argument, as well as in the reasoning of the Court of Appeals (R. p. 360), arises from a semantic error—equating the word "grounds" for judicial action with the concept of determination of the two "elements" of the controversy in a patent case, to wit, validity and infringement. In actions other than a patent case, a court may finally dispose of the litigation on one or more "grounds" or reasons, and ignore other "grounds" or reasons, urged upon it; but in a sui generis action, a patent case, this Court has held that the validity element, having "the greater public importance", should be determined. The "public" interest in the monopoly granted by a patent gives a right to members of the "public", even when not sued for infringement, to challenge the validity thereof, so that they may "chart their course of future activities", free of "a threat of future litigation". *White et al.* v. *E. L. Bruce Co.* (D. C. Del. 1945) 62 F. Supp. 577, at p. 578; *Densmore* v. *Scofield,* 102 U. S. 375, 378, 26 L. ed. 214, 215, cited and quoted in the dissent of Mr. Justice Black in *Exhibit Supply Co.* v. *Ace Patents Corp.* (1942) 315 U. S. 126, 86 L. ed. 737.

The cases relied on by Respondents are clearly distinguishable. In *Lewis* v. *United States,* a defendant sought to appeal to this Court from a denial of his motion to set aside a *nolle prosequi;* and this Court held him to be not an aggrieved party, for the obvious reason that the indictment was no more. In *Lindheimer et al.* v. *Illinois Bell Telephone Co.,* the telephone company had obtained in the court below all the relief it had sought, to wit, an injunction restraining enforcement of the commission's promulgated rates; and this Court would not permit an appeal to

review a finding as to valuation upon which such favorable judgment was based. In *City of New Orleans* v. *Alphonse Emsheimer,* the judgment of the court below in favor of the appellant sustained its demurrer on the ground that an action in equity on a bond would not lie, and overruled the other ground that the court lacked jurisdiction for absence of diversity of citizenship, from which the City of New Orleans appealed on the jurisdictional question. This Court said, at page 154:

> "Defendant below sought no affirmative relief but simply to defeat the suit. In this it succeeded, and the decree is a bar to another action in equity on this cause of action so long as it stands unreversed."

The Court then said that the City was not "aggrieved by its own success", further pointing out that, if the complainant brought an action at law, and the federal jurisdiction question was raised again,

> "It will be time enough if final judgment or decree passes against defendant in the Circuit Court for the question of jurisdiction to be certified."

In *Flournoy, Sheriff and Ex Officio Tax Collector* v. *Wiener et al.,* the appeal was disposed of because of the appellant's failure to raise the constitutional question properly. The remarks of Mr. Justice Stone, in that case, quoted in Respondents' Brief, had reference to the refusal of this Court to hear an appeal on a constitutional issue where the state court's determination could be sustained on a non-federal issue.

Petitioner does not question the "universally accepted rule" referred to by Respondents (Br. p. 3) but does dispute its application "in all types of litigation", especially in view of this Court's clear admonition in the *Interchemical* case "that of the two questions, validity has the greater public importance", and its approval of the inquiry by the

District Court "fully into the validity of this patent" as "the better practice".

The Court of Appeals thought the "precise question" here presented to be "entirely novel" (R. p. 359). The decision on the procedural feature in *Cover* v. *Schwartz*,—the dismissal by the Court of Appeals of the plaintiff-patentee's appeal from the judgment of the District Court that the patent was both invalid and non-infringed, when the plaintiff conceded in the Court of Appeals that the patent was not infringed,—was based, as stated by Judge Frank, largely on the constitutional inhibition on the Court of Appeals passing, at the instance of the patentee, on whether or not the patent was valid in the absence of a remaining controversy. But there is no such constitutional inhibition on a member of the public offended by an outstanding patent to ask for relief by declaratory judgment or otherwise, that the patent is invalid (*Altvater* v. *Freeman*, 319 U. S. 359, 87 L. ed. 1450; *White et al.* v. *E. L. Bruce Co.* (D. C. Del. 1945), 62 F. Supp. 577, at p. 578).

Petitioner in this action had put itself in that position by interposing a counterclaim for a declaratory judgment "invalidating the patent in suit, even though non-infringed" (R. pp. 21-22), thereby placing the validity element in issue. (The *Electrical Fittings* case did not contain a counterclaim).

The brushing aside, both by Respondent (Br. p. 5) and by the Court of Appeals (R. pp. 357-358), of Petitioner's counterclaim for a declaratory judgment of the patent's invalidity is wholly unjustified. The allegations in the counterclaim, when taken in conjunction with the rest of the answer set forth the essential ultimate facts coupled with a clear prayer for the relief that the patent be declared invalid "even though non-infringed" (R. pp. 21-22). (Compare Official Form No. 16, in which the allegations are not much more elaborate in an infringement action, and consider paragraphs "7" and "8" of the counterclaim (R. p. 21) as

a sufficient basis for declaratory relief as to invalidity). In any event, the evidence in the record as to invalidity was sufficient to warrant conforming the counterclaim allegations to the proof. The Petitioner was, therefore, entitled to a determination by the District Court on its counterclaim adjudging invalidity of Respondent's patent. *Altvater* v. *Freeman, supra; General Electric Co.* v. *Marvel Rare Metals Co.*, 287 U. S. 430, 77 L. ed. 408.

The Court of Appeals should at least have remanded the case to the District Court to correct the judgment by (1) including a determination as to the sufficiency of the counterclaim and of the proof in support thereof, and (2) denying the injunctive relief sought in the counterclaim, from which corrected judgment an appeal could and would be taken.

In either event, Petitioner was an "aggrieved party" entitled to be heard in the Court of Appeals, and an "aggrieved party" in this Court by reason of the summary dismissal of its appeal by the Court of Appeals.

On a motion for judgment n. o. v. asserting invalidity and non-infringement, in which judgment for only non-infringement is concluded, such judgment does not completely dispose of the motion, and in no sense is wholly favorable to the moving party, because rendered for only one-half of the action. Such judgment should have been on the entire controversy.

II.

An invalid patent cannot be infringed. But a valid patent may be either infringed or not. There is no alternative. Hence, a judgment of non-infringement without a determination of the validity of the patent is in no sense of the words, "wholly favorable" to a defendant. The answer to the question: Has the defendant infringed the patent? can only be by imposing upon the word "'patent", a stamp of validity by first determining, and not assuming, the patent to be valid. Only by scrutinizing the patent to

ascertain whether the claim is in exact accordance with the alleged invention, and whether that alleged invention is a patentable invention, can it be determined whether a defendant has taken the invention claimed. (Merwin on Patentability of Inventions, 1883 ("The Test of what is not Invention" p. 18), and Curtis on The Law of Patents (1874) Fourth Edition ("Preliminary Observations", p. XXXV). We submit that the requirement of the *Interchemical* case, to determine the validity, is entirely sound.

May 19, 1952.

Respectfully submitted,

C. P. GOEPEL,
Attorney for Petitioner.

STUART N. UPDIKE,
Counsel.